



## Price rises and jobs losses warning as hotels struggle to afford National Living Wage

### *Best Western GB calls for more Government support*

Best Western Great Britain is supporting its members now more than ever, and is calling on the Government to look again at easing pressure on the hospitality industry as a new survey shows price rises and job losses are likely as a result of the National Living Wage.

The survey of Best Western members, the largest collection of independent hotels in Great Britain, revealed that over 90% of respondents will have to increase their prices to mitigate the increase to staff salaries; 43% said they would have to reduce their workforce as a result of the changes and 80% said they would rethink recruitment.

Rob Payne, CEO of Best Western Great Britain said: *"While we are in favour of a fair wage for everyone, our members are telling us that they are worried about job losses, price rises and recruitment and investment strategies as a result of the National Living Wage.*

*Best Western was founded in 1948 to support hotels in becoming more profitable, a purpose which remains true today. We are working hard to help all those hotels and businesses we represent to navigate the impact of the National Living Wage. We are doing all that we can to drive down costs for goods and services with collective buying through Beacon, our purchasing business, and gaining economies of scale for customer acquisition and distribution - but we know more needs to be done. My worry is for those independent businesses that are not able to benefit from similar levels of support from organisations such as ourselves.*

*"The bigger picture here is that this will impact every café, every bed and breakfast, every visitor attraction and every pub, with potentially damaging consequences for investment in the British hospitality industry."*

The National Living Wage, which the Government has set at £7.20 per hour for all staff over 25 years of age increasing to £9 by 2020, will come into effect across the whole of the UK from April 2016. The Office for Budget Responsibility (OBR) estimated the plan to increase the minimum wage would cost only 60,000 jobs and create 1 million jobs.

Payne added: *"My fear is that the 60,000 jobs the OBR identified as being at risk will be disproportionately distributed among small and medium sized hospitality businesses, those least likely to be able to simply absorb the costs. As a business, we are working alongside industry bodies to lobby the Government for change. I would urge the Government to do all it can at this time to help ease the pressure of the living wage in the hospitality industry elsewhere by looking again at reducing Tourism VAT, make the issue of rate parity a priority bringing us in line with our European businesses and reducing the regulation burden. Without this support I am concerned that the hospitality industry could pay a higher price for the introduction of the new National Living Wage."*

Comments from Best Western members include:

- *"Hotel Rates will have to go up to accommodate this increase. The Government should reduce tourism VAT as otherwise our tourism will be massively affected.*

- *"Lower margin industries or business within industries are going to be disproportionately affected by the changes. Some of these competing industries already have unfair advantages such as VAT rules which these changes amplify further."*
- *"This wage increase is all well and good however for small operators that are already at bursting point with their wage bill this will massively impact both selling prices and potentially operating a viable business."*

**-ENDS-**

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#### **Editors' notes:**

Best Western GB surveyed member hotels throughout November and December 2015, receiving 93 responses.

Best Western GB is the largest collection of **independently owned** and **family run** hotels in Great Britain. Our 275 properties have over **42,000 years of history** between them and hundreds of stories to share too. We pride ourselves on excellence, and Best Western GB was awarded 'Best UK Mid-Scale Hotel Branch 2015' at the British Travel Awards.

From the **oldest purpose built hotel in Europe**, the hotel with the **best room-with-a-view in the world** and the hotel which hosted the **honeymoon of Hollywood royalty, Richard Burton and Elizabeth Taylor**. We are also very proud to have **the largest collection of pet-friendly hotels in Great Britain**, so you can always holiday with your best friend.

For more details about Best Western GB properties visit [www.bestwestern.co.uk](http://www.bestwestern.co.uk) or to hear more Best Western GB stories and to arrange a press trip, with or without your dog, please contact the Communications Team.

#### **Background on the National Living Wage:**

- In July 2015 Chancellor George Osborne announced that the UK government will introduce a compulsory minimum wage of £7.20 per hour for all staff over 25 years of age, and referred to it as the 'National Living Wage'
- The concept of a living wage already exists (currently set at £7.85) however this is adhered to by employers on a voluntary basis
- The National Living Wage will be compulsory from April 2016
- This will apply to both part-time and full-time workers
- A target of £9 an hour by 2020 has been set
- The National Minimum Wage is already compulsory and set at £6.50 per hour, and will continue to apply to staff aged 24 years and under
- Businesses will be helped to make the changes to wages, George Osborne has said. Corporation tax is being cut by two per cent to 18 per cent by 2020, and employers will be able to reduce the amount of National Insurance contributions (NICs) they pay for their employees by 50% up to £3,000